

Analysis on the Tourism Competitiveness of Five Central Asian Countries Based on Diamond Model

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Abstract—This paper attempted to analyze the factors influencing the competitiveness of tourism in five Central Asian countries and seek solutions. The five Central Asian countries are rich in tourism resources, but the competitiveness of tourism industry is insufficient. Using the diamond model, this paper analyzed the tourism competitiveness of five Central Asian countries from six aspects: production factors, demand conditions, supporting industries, industrial strategies, governments and opportunities. On this basis, aiming at the four major factors that seriously restricted the improvement of tourism competitiveness, this paper put forward some suggestions, such as improving the cultural attraction of tourism products, reconstructing high-quality routes with equal interests, and building a unified silk road tourism brand through mutual trust and cooperation.

Keywords—five Central Asian countries; diamond model; industry chain; tourism competitiveness

I. INTRODUCTION

Tourism industry chain is very long. In addition to "food, housing, travel, sightseeing, shopping, and entertainment" and other main links, it includes industries and departments that provide material, cultural, information, manpower and intellectual services and support. Since the birth of modern tourism in 1940s, especially after the Second World War, tourism has made great progress all over the world. As early as the 1990s, the tourism industry surpassed the oil and automobile industries and became the largest industry in the world. Benefiting from global economic integration and the transformation of household consumption, international tourism has been developing well for a long time. The five Central Asian countries have rich and diverse natural and cultural heritage, and are complementary to each other. They have the conditions to co-constructs an international tourism destination network and brand with great potential for development.

II. OVERVIEW OF THE TOURISM COMPETITIVENESS OF THE FIVE CENTRAL ASIAN COUNTRIES

In terms of natural tourism, central Asia is a region of gorgeous natural scenery, with vast deserts, vast grasslands, magnificent mountains, rivers and water systems. Therefore, the five central Asian countries have been dubbed as the "desert country", "ranch country", "platinum country", "cloud country" and so on. In terms of humanistic and historical

tourism, the most representative scenic spots can be summarized as eight points and nine cities. The eighth points refer to the eight historical sites in central Asia listed in the UNESCO world heritage list, and the nine cities refer to the nine famous tourist cities in central Asia. With their unique natural scenery and cultural relics, as well as obvious geographical advantages, the five central Asian countries also place high hopes on tourism, hoping that tourism can play a more important role in the national economy. At present, there are four main types of tourism products promoted by the five Central Asian countries: the first is the medical and health tourism products relying on health tourism resorts; the second is the comprehensive sports tourism products; the third is historical tourism products relying on archaeological relics; and the fourth is the ecological tourism rising in recent years. However, according to the Tourism Competitiveness Report published by World Economic Forum, the development of tourism in the five Central Asian countries is not satisfactory. The World Economic Forum publishes a report on tourism competitiveness every two years, which evaluates and ranks tourism competitiveness of the countries around the world from 14 indicators such as policy, infrastructure, natural resources and human resources. In this list, among the countries along the Silk Road Economic Belt, only Russia and China are relatively close in tourism competitiveness. Kazakhstan is at the top of the five Central Asian countries, while Uzbekistan and Turkmenistan are never made on the list.

TABLE I. RANKING OF TOURISM COMPETITIVENESS OF FIVE CENTRAL ASIAN COUNTRIES

Year	Kazakhstan	Kyrgyzstan	Tadzhikistan
2011	93	107	118
2013	88	111	114
2015	85	116	119
2017	81	115	107

III. ANALYSIS OF TOURISM COMPETITIVENESS OF FIVE CENTRAL ASIAN COUNTRIES

The diamond model was originally proposed by Michael Porter, a famous strategic management scientist at Harvard Business School, as a tool to analyze the international competitiveness of a certain industry in a country. The diamond model emphasizes the dynamic competitive advantage, and considers that the competitive advantage of the

industry depends on the four determinants including production factors, demand conditions, related and supporting industries, enterprise strategy and structure, and two supporting factors of opportunity and government. The following uses the diamond model to analyze the tourism competitiveness of the five Central Asian countries one by one.

A. Production Factors

There are primary and advanced factors of production in Porter's theory. Primary factors of production are the objective basis for the formation of an industry, including the geographical position, climate and natural resources of the country and region in which the industry is located, which is the foundation of an industry's competitiveness. The advanced factors are different from the primary factors, which is the promotion of the primary factors, including talent, technology and so on. In terms of natural landscape, the five Central Asian countries belong to the arid region with mountains and basins adjacent, and coexistence of forests, steppe and desert, which makes the scenery very unique. In terms of cultural landscape, the five Central Asian countries have rich cultural heritage, which fully reflects the blending and conflict between different cultures. Before the jointly application for the list world heritage of Silk Road, there were 11 world cultural heritage sites in the five Central Asian countries, and the success of silk road joint application project made the five Central Asian countries add 11 new world cultural heritage sites, including 8 in Kazakhstan and 3 in Kyrgyzstan. In terms of human resources, the five Central Asian countries do not have sufficient number of tourism industry employees, and the number of high-quality personnel is relatively small. The domestic education support is also relatively weak.

TABLE II. RANKING OF NATURAL RESOURCES AND CULTURAL RESOURCES

Item	Kazakhstan	Kyrgyzstan	Tadzhikistan
Natural resources	92	104	80
Cultural resources and business travel	75	82	108

B. Demand Conditions

According to Porter's diamond model theory, the demand conditions provide the power of industry development, stimulate the enterprises to invest and innovate continuously, which plays a particularly important role in shaping the characteristics of products, producing the pressure of technological innovation and improving the quality. For tourism industry, it is not only inbound tourism but also domestic tourism demand that affects and promotes its development, and the rise and fall of domestic tourism demand is closely related to the domestic economic situation. With the exception of Kazakhstan, other countries in Central Asia have low levels of economic development, with Tajikistan, Kyrgyzstan and Uzbekistan ranking even outside the 100 in terms of per capita GDP. Since their independence, the five Central Asian countries have experienced a period of rapid economic growth of more than 8%. They have also

experienced a series of economic problems, such as slow economic growth, serious inflation, increasing unemployment, and so on. But overall, the economy grew steadily before 2014. The per capita disposable income has increased year by year, the consumption structure has been continuously upgraded, the scale of tourism consumption has been continuously expanded, and the categories are also increasingly abundant. But in recent years, inflation in the five central Asian countries has been curbed to some extent, but economic growth has slowed significantly and the number of domestic tourists has decreased. For inbound tourism, Kazakhstan, Tajikistan and Kyrgyzstan are the main destinations for tourists from Europe, which account for more than 90 percent of the total number of inbound tourists. The tourists to Turkmenistan are mainly from South Asia, accounting for more than 50%, while European tourists accounts for more than 30%. The tourists to Uzbekistan are mainly from East Asia and the Pacific region, accounting for more than 50%, while European tourists account for more than 30%. Tourist arrivals from Russia, Japan and Turkey have grown faster in recent years. The economy of these countries is more developed, the people are comparatively rich, and the good economic environment has laid a certain foundation for the growth of tourism demand. But the political and economic security of the five Central Asian countries is quite different; Kazakhstan, Tajikistan and Turkmenistan are relatively stable, while Kyrgyzstan and Uzbekistan have the hidden danger of extreme nationalism and terrorism. All these factors have a negative impact on the development of tourism industry.

C. Related Industries

Besides the attraction of tourism products, the construction of supporting facilities and the service are also important factors affecting the development of tourism. Since independence, the five Central Asian countries have continuously increased their investment in tourism, while sustained capital investment has improved infrastructure conditions and service level in tourism-related industries such as transportation, catering, accommodation, communications, etc., which makes the attraction of foreign tourists greatly increased. But because the foundation is too weak, the tourism related industry development of the five countries is still in the primary stage. By the end of 2017, the best hotels in Tajikistan were only three stars, and some of Uzbekistan's sanatoriums were in disrepair, and even Kazakhstan, the country with the highest tourism competitiveness among the five countries, had high transportation costs, and few railway lines. This is also reflected in the Tourism Competitiveness Report published by World Economic Forum in 2017. The following table lists several individual indicators relating to the business environment and infrastructure, including air transport infrastructure, surface transport infrastructure, tourism infrastructure, and information and communications infrastructure. It can be seen that most of the indicators rankings of these three countries are relatively low. But Kyrgyzstan has made a lot of progress compared to the 2011 indicator rankings. According to the Stanradar website report on July 9, from 2012 to 2017, the number of visitors to Kyrgyzstan was growing by about 6.2% a year. In order to promote infrastructure construction, the five Central Asian

countries have been actively seeking foreign investment in recent years. However, due to the low level of business facilitation, the lack of financing platforms in the five Central Asian countries, and not too many concessions in terms of tax deductions for investment, the five Central Asian countries are not attractive to foreign investment.

TABLE III. RANKING OF TOURISM-RELATED INDUSTRIES

Item	Kazakhstan	Kyrgyzstan	Tadzhikistan
Air transport infrastructure	71	115	92
Ground and port infrastructure	91	128	101
Tourist service infrastructure	97	128	130
ICT readiness	52	103	129

D. Industrial Strategies

The five Central Asian countries have different emphases on the development of tourism industry. Kazakhstan carries out health care tourism in the northern region of Kurort, Kokshetau, Bayan Adore and ecotourism in the Saryarka nature reserve. In the southern region where historical and cultural relics are concentrated, historical tourism products are the main focus, accompanied by hunting, mountaineering and other comprehensive sports tourism products. Kyrgyzstan is also known as the "mountain country", because 90% of its territory is mountainous, which also provides the foundation for mountain sports tourism such as cross-country skiing, rock climbing and gliding. In addition to a wide variety of mountain projects, the waterscape leisure tourism represented by Issyk Kul is also an advantage of Kyrgyzstan tourism products. With the enhancement of people's leisure consciousness, rural tourism, which makes full use of the rural area accounting for more than 75% of the national territorial area, is gradually developing in Tajikistan. Although the five Central Asian countries have different strategies and advantages to develop tourism industry, which are complementary to each other, there are no development plans to integrate the scenic spots and routes of these five countries.

E. Government

In recent years, the governments of the five Central Asian countries have played an important role in the formulation of tourism strategy, the promotion of tourism projects and the construction of infrastructure. As for the promotion of tourism projects, Uzbekistan has held the annual Silk Road International Tourism Fair in Tashkent since 1994, attracting hundreds of companies from more than 100 countries to participate. The government of Kazakhstan has made full use of foreign media such as CNN, BBC and National Geographic of the United States to expand the visibility of its tourism projects by putting in promotional films and advertisements. In Tourism Development Conception in Kazakhstan by 2020, the Kazakhstan government establishes a list of projects with priority investments. In 2018, Kazakhstan approved the establishment of the "Turkestan Special Economic Zone". The special economic zone is located in the suburbs of Turkestan with operating life to 2043. The special economic zone covers

an area of 1338 hectares. The purpose of establishing the new special economic zone is to accelerate the development of Turkestan city and improve its tourism competitiveness. Turkmenistan actively uses large-scale international exhibitions, conferences, seminars, intergovernmental economic cooperation committees and other occasions to promote its tourism products in foreign markets. In 2018, Turkmenistan discussed bilateral cooperation in the field of tourism with tourism enterprises from China, Japan, Germany, Spain and other countries, and invited experts from UNESCO and the world federation of tourist guides to hold tourist guide training in Turkmenistan.

F. Opportunities

Opportunity is an uncontrollable factor in diamond models. In recent years, the five Central Asian countries have ushered in a relatively stable development environment, economic openness is increasing, and many economies have launched cooperation plans with the five Central Asian countries. In 2013, China put forward the concept of "Silk Road Economic Belt." In 2015, the United States put forward the "New Silk Road" plan. Coupled with Japan's "Silk Road Diplomatic Strategy" and the European Union's "New Silk Road" plan, major economies frequently carry out strategic layout in Central Asia. Although the demands of different countries are not identical, many economic cooperation projects have been promoted, which provides a good opportunity for the development of tourism industry of the five Central Asian countries. In 2014, the Asian Infrastructure Investment Bank and the Silk Road Fund were established to provide financial support for infrastructure development in Asian, especially in the countries along One Belt and One Road. As of 2017, Kyrgyzstan has raised \$14.3 million dollars through the "Russia-Kyrgyzstan Development Fund" for tourism and built 24 tourism infrastructure projects.

IV. SUGGESTIONS ON IMPROVING TOURISM COMPETITIVENESS OF FIVE CENTRAL ASIAN COUNTRIES

The infrastructure construction and development scale of tourism industry in five Central Asian countries are quite different. They have different emphases in the development of tourism resources, so they can build a common Silk Road Tourism Brand through internal integration and complementary advantage.

A. Enhancing the Attraction of Production Factors

The five Central Asian countries are located in the hinterland of Eurasia, adjacent to China to the east, Russia to the north, Europe to the northwest, Transcaucasia to the west across the sea, Iran to the southwest and Afghanistan to the southeast. The characteristics of geographical location make Central Asia a stage where ancient civilizations, such as Chinese civilization, Indian civilization, Eurasian nomadic civilization, Slavic civilization, Iranian civilization, and Islamic, Buddhist, Christian, Hindu and other religious beliefs collide and integrate. Therefore, compared with the neighboring countries and regions, the tourism resources of these countries on the Silk Road Economic Belt are unique in cultural and historical relics, and have strong difference and

complementarity. The five Central Asian countries should emphasize the cultural characteristics of tourism resources and enhance the attractiveness of tourism products when they recommend tourism products to the outside world.

B. Introducing External Capital into Infrastructure

Tourism is a highly related industry so that the supporting industry investment is large with long recovery cycle. It is difficult to meet the needs of capital investment relying only on the national finance, so the five Central Asian countries encourage private capital to enter the field of infrastructure construction. With the exception of Kazakhstan, the capital markets of the other four countries are not developed, the scale of banks is relatively small and the interest rate on loans is high, which determines that the investment in tourism infrastructure construction must also actively introduce foreign capital. Kazakhstan, for example, has held consultations with Iran, France, Monaco, China, Ukraine, Indonesia, Switzerland and other Turkic countries to develop four national tourism projects. At present, the five Central Asian countries generally encourage foreign investment to enter the field of tourism infrastructure construction, but only Turkmenistan and Uzbekistan have specific policies on import and export management and tax relief. In order to promote the process of investment facilitation, the five Central Asian countries should introduce more preferential measures in terms of visas, taxes, trade and industry development to promote the quality of the tourism industry chain.

C. Overall Planning Industry Strategy

At present, each of the five Central Asian countries has its own tourist attraction cities and routes. If the five Central Asian countries want to build the "Silk Road" brand and become the travel choice of international tourism groups as a whole, they must cooperate with each other and plan as a whole. The tourism departments of various countries should engage in high-level docking and dialogue. On the basis of accurate positioning of the tourism, they should design boutique routes with reasonable distribution, shared interests and fully reflecting the advantages of tourism in various countries. Also, they should construct the three-dimensional convenient transportation network to connect the 5 countries. In August 2018, the Central Asian countries have taken the first step in the overall plan to implement a unified visa zone. The Silk Road Visa will be first used in Kazakhstan and Uzbekistan and gradually extended to the other three countries.

D. Bringing into play the leading role of the government

The concept of Silk Road is a good opportunity for the development of tourism in the five Central Asian countries. In order to build the influential silk road tourism brand, the

transportation docking, the information sharing, and the even profits shall be realized, among which the government's role is very important. Especially in the initial stage of multinational cooperation, the government should take the lead in top-level design. Internally, the government should improve the business environment, formulate tourism development plans and abolish local protectionist policies. Externally, cooperation and coordination mechanisms should be set up to deepen cooperation in interest distribution, heritage protection, cross-regional development, currency circulation and security.

V. CONCLUSION

The natural landscape, historical heritage, folk culture and other resources running through the Silk Road are unique in the world. But the tourism industries in the five Central Asian countries are not competitive. Using Diamond Model to analyze the tourism competitiveness of the five Central Asian countries in terms of production factors, demand conditions, supporting industries, industrial strategies, governments and opportunities, it can be found that the five Central Asian countries have some short slabs such as backward infrastructure and insufficient introduction of foreign investment. In order to speed up the development of the tourism industry and make it have a positive impact on the adjustment of the industrial structure, the five central Asian countries must view the development of tourism industry from a strategic perspective, and the state should play an important role in the formulation of tourism strategies, promotion of tourism projects and infrastructure construction.

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